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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 10/01/03 AND ENDING 9/30/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

Planco Financial Services, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1500 Liberty Ridge Drive, Suite 100
(No. and Street)

Wayne PA 19087
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Julie Corrow 800-523-7798
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP
(Name - if individual, state last, first, middle name)

1700 Market Street Philadelphia PA 19103
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

PLANCO FINANCIAL SERVICES, INC.

(A WHOLLY-OWNED, ULTIMATE SUBSIDIARY OF HARTFORD LIFE, INC.)

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| (x) (n) A Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control). | |

AFFIRMATION

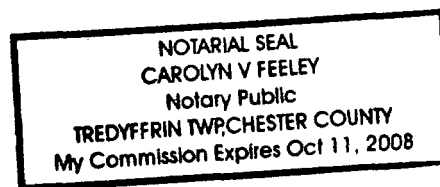
I, Julie Corrow, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to Planco Financial Services, Inc. for the year ended September 30, 2004 are true and correct. I further affirm that neither the Company nor any partner, proprietor, principal officer, member or director has any proprietary interest in any account classified solely as that of a customer.

Julie Corrow 11/12/04
Signature Date

Vice President
Title

Subscribed and Sworn to before me
on this 12 day of November 2004

Carolyn V Feeley
Notary Public



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
Planco Financial Services, Inc.

We have audited the accompanying statement of financial condition of Plano Financial Services, Inc. (a wholly-owned, ultimate subsidiary of Hartford Life, Inc), (the "Company") as of September 30, 2004, and the related statements of operations, cash flows and changes in stockholder's equity for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Plano Financial Services, Inc. at September 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules (g) and (h) listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

November 12, 2004

PLANCO FINANCIAL SERVICES, INC.

(A WHOLLY-OWNED, ULTIMATE SUBSIDIARY OF HARTFORD LIFE, INC.)

STATEMENT OF FINANCIAL CONDITION SEPTEMBER 30, 2004

ASSETS

| | |
|--|----------------------|
| Cash and cash equivalents | \$ 30,199,404 |
| Cash Segregated under federal or other regulations | 49,680 |
| Deferred federal tax assets | 1,833,740 |
| Wholesalers advances | 244,264 |
| Prepaid expenses | 19,500 |
| Interest receivable | <u>3,360</u> |
| TOTAL ASSETS | <u>\$ 32,349,948</u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

| | |
|-----------------------|------------------|
| Accounts payable | \$ 10,842,489 |
| Federal Taxes payable | 1,613,631 |
| Payable to affiliate | <u>9,893,828</u> |
| TOTAL LIABILITIES | 22,349,948 |

STOCKHOLDER'S EQUITY

| | |
|---|-------------------|
| Common stock, \$7 par value, 1,000 shares authorized, issued, and outstanding | 7,000 |
| Additional paid-in capital | 9,993,000 |
| Retained earnings | <u>-</u> |
| Total Stockholder's Equity | <u>10,000,000</u> |

| | |
|--|----------------------|
| TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY | <u>\$ 32,349,948</u> |
|--|----------------------|

See notes to financial statements.

PLANCO FINANCIAL SERVICES, INC.

(A WHOLLY-OWNED, ULTIMATE SUBSIDIARY OF HARTFORD LIFE, INC.)

STATEMENT OF OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 2004

REVENUES:

| | |
|------------------------|--------------------|
| Marketing service fees | \$ 144,522,264 |
| Interest income | <u>176,579</u> |
| Total revenues | <u>144,698,843</u> |

EXPENSES:

| | |
|---------------------------------------|--------------------|
| Administrative and operating expenses | 82,672,889 |
| Wholesaler overrides | 53,905,428 |
| Other brokers commissions | 6,641,370 |
| Regulatory fees | 316,015 |
| Other | <u>197,522</u> |
| Total expenses | <u>143,733,224</u> |

| | |
|----------------------------|---------|
| INCOME BEFORE INCOME TAXES | 965,619 |
|----------------------------|---------|

| | |
|--------------|------------------|
| INCOME TAXES | <u>(965,619)</u> |
|--------------|------------------|

| | |
|------------|-------------|
| NET INCOME | <u>\$ -</u> |
|------------|-------------|

See notes to financial statements.

PLANCO FINANCIAL SERVICES, INC.

(A WHOLLY-OWNED, ULTIMATE SUBSIDIARY OF HARTFORD LIFE, INC.)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|------------------|
| Net income | \$ - |
| Adjustments to reconcile net income to net cash Provided by in operating activities: | |
| Non-cash charges included in net income - | |
| Deferred federal tax assets | (1,833,740) |
| (Increase) decrease in operating assets: | |
| Cash segregated under federal or other regulations | (49,680) |
| Wholesalers advances | (244,264) |
| Prepaid expenses | 60,500 |
| Interest receivable | (2,285) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | 1,113,525 |
| Federal Taxes Payable | 1,613,631 |
| Payable to affiliate | <u>2,439,756</u> |
| Net cash provided by operating activities | <u>3,097,443</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS 3,097,443

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 27,101,961

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 30,199,404

See notes to financial statements.

PLANCO FINANCIAL SERVICES, INC.

(A WHOLLY-OWNED, ULTIMATE SUBSIDIARY OF HARTFORD LIFE, INC.)

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2004

| | <u>Common stock</u> | <u>Paid-in capital</u> | <u>Retained Earnings</u> | <u>Total stockholder's equity</u> |
|-----------------------------|-------------------------|----------------------------|------------------------------|---|
| Balance, October 1, 2003 | \$ 7,000 | \$ 9,993,000 | \$ - | \$ 10,000,000 |
| Net income | - | - | - | - |
| Balance, September 30, 2004 | <u>\$ 7,000</u> | <u>\$ 9,993,000</u> | <u>\$ -</u> | <u>\$ 10,000,000</u> |

See notes to financial statements.

PLANCO FINANCIAL SERVICES, INC.

(A WHOLLY-OWNED, ULTIMATE SUBSIDIARY OF HARTFORD LIFE, INC.)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Planco Financial Services, Inc. (the "Company"), a Pennsylvania corporation, is a wholly-owned subsidiary of Hartford Life and Accident Insurance Company, a subsidiary of Hartford Life, Inc. (the "Parent"). The Company is a registered broker-dealer engaged exclusively in the distribution of private placements, the distribution of IRC Section 529 plans, the sale of various annuity and life insurance products and the distribution of shares of registered open-end management investment companies for the Parent and its affiliates.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the financial statements and related disclosures. Management believes that the estimates utilized in the preparation of the financial statements are reasonable and prudent. Actual results could differ materially from these estimates.

Marketing Service Fees – Marketing service fees are recorded in connection with marketing, educational and administrative services provided in the distribution of affiliates' products as earned.

Administrative and Operating Expenses – Administrative, support, and other expenses relate to services provided by affiliated companies in facilitating the operations of the Company.

Wholesaler Overrides – Wholesaler overrides represent commissions paid to affiliated wholesalers that participate in the marketing and distribution of the Parent and affiliates products.

Cash and Cash Equivalents - The Company considers all money market instruments and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At September 30, 2004, cash equivalents represent investments in money market funds totaling \$30,198,708.

Fair Value of Financial Instruments – Financial instruments, which include cash and cash equivalents, receivables and payables, approximate their fair values because of the short maturities of these assets.

New Accounting Pronouncements – FASB Statement No. 150, Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity updated as of May 2003. This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable

financial instruments of nonpublic entities. The adoption of SFAS No. 150 had no impact on the Company's financial condition, results of operations or cash flows.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51, ("FIN 46"). FIN 46 provides guidance on the consolidation of certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without subordinated financial support. Such entities are referred to as Variable interest Entities ("VIEs"). For new entities established or purchased subsequent to January 31, 2003, FIN 46 was effective immediately. FIN 46, as it relates to entities established or purchased prior to February 1, 2003, was effective for interim and annual periods ending after December 15, 2003.

In October 2003, the FASB agreed to defer the effective date of FIN 46 for arrangements with VIEs existing prior to February 1, 2003 to fiscal periods ending after December 15, 2003. Subsequently in December 2003, the FASB issued a revision of FIN 46 ("FIN 46R"), which replaces FIN 46, to modify FIN 46 to address certain technical corrections and implementation issues that have arisen. The adoption of FIN 46R had no impact on the Company's financial condition, results of operations or cash flows.

3. RELATED PARTY TRANSACTIONS

The Company's principal source of revenue is its marketing services agreement with its Parent. The Company acts as a wholesaler of its affiliates' products and assists in providing marketing, educational, and administrative services. In consideration of the services performed, the Company receives marketing service fees equal to the expense incurred in providing those services. For the year ended September 30, 2004, the marketing service fees paid by the Parent was \$144,522,264.

The Company pays a monthly service fee to Planco, Inc. (an affiliate) for providing administrative and support services. For the year ended September 30, 2004, expenses recorded in connection with those services amounted to \$60,270,767.

The Company uses GTC Graphic Services, a division of Planco Inc., for various marketing services. For the year ended September 30, 2004, the fees paid to GTC Graphic Services were \$1,255,115.

During the year ending September 30, 2004, the Parent made payments on behalf of both the Company and Planco Inc., an affiliate, for administrative and operating expenses. Such expenses were recorded on the books of the Company. Payments related to those expenses amounted to \$5,078,217.

The payable to affiliate represents excess funding received from the Parent by the Company over and above the cost incurred by the Company for distributing Hartford products as per the marketing service agreement executed on August 25, 1998. At September 30, 2004, payable to affiliate amounted to \$9,893,828.

Certain officers of the Company serve also as officers of Planco, Inc.

4. INCOME TAXES

The Company is included in the consolidated federal income tax return filed by the Parent. Federal, state and local income taxes have been calculated on a separate entity basis. The amount of taxes to be

paid by the Company is determined as if the Company were to file a separate federal, state, and local income tax return. For the year ended September 30, 2004, the difference between the federal income tax provision at the statutory rate and the provision recorded is due to the undeductible portion of meals and entertainment expenses. The deferred tax asset of \$1,833,740 results from employee benefit expenses yet to be deducted on the tax returns.

5. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (the "Rule"), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method permitted by the Rule, which requires that the Company maintain minimum net capital equal to the greater of \$250,000 or 2% of aggregate debit items, as defined. At September 30, 2004, the Company had net capital of \$7,248,842, which was \$6,998,842 in excess of its required net capital of \$250,000.

* * * * *

PLANCO FINANCIAL SERVICES, INC.
**COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS
 PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934
 SEPTEMBER 30, 2004**

| | |
|---|---------------------|
| STOCKHOLDER'S CAPITAL | \$ 10,000,000 |
| NON-ALLOWABLE ASSETS: | |
| Receivable from non-customers | \$ 2,147,184 |
| Total non-allowable assets | <u>2,147,184</u> |
| NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS | 7,852,816 |
| HAIRCUTS ON SECURITIES POSITIONS | <u>603,974</u> |
| NET CAPITAL | \$ <u>7,248,842</u> |
| TOTAL AGGREGATE DEBIT ITEMS | \$ <u>-</u> |
| MINIMUM CAPITAL REQUIRED UNDER THE ALTERNATE METHOD : | |
| Greater of 2% of aggregate debit items or \$250,000 | \$ <u>250,000</u> |
| CAPITAL IN EXCESS OF MINIMUM REQUIREMENT | \$ <u>6,998,842</u> |
| NET CAPITAL IN EXCESS OF 5% OF AGGREGATE DEBIT ITEMS OR \$120,000 | \$ <u>7,128,842</u> |

There are no material differences between the amounts presented above and the amounts reported in the Company's unaudited FOCUS report as of September 30, 2004, as filed on October 25, 2004.

PLANCO FINANCIAL SERVICES, INC.

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
PURSUANT TO RULE 15c3-3 UNDER THE SECURITIES EXCHANGE ACT OF 1934
SEPTEMBER 30, 2004**

EXEMPTION UNDER SECTION (k)(2)(i) IS CLAIMED:

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 (the "Rule"), in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.

November 12, 2004

Planco Financial Services, Inc.
1500 Liberty Ridge Drive, Suite 100
Wayne, PA 19087

In planning and performing our audit of the financial statements of Plano Financial Services, Inc. (the "Company") for the year ended September 30, 2004 (on which we issued our report dated November 12, 2004), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate debit items and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized acquisition, use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Planco Financial Services, Inc.

November 12, 2004

Page 2

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Company's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Company's internal control and its operation (including control activities for safeguarding securities), that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for their purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at September 30, 2004, to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP